Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

LIMITED OFFICIAL USE

PAGE 01 PORT O 00156 181331Z
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 FTC-01 SEC-01 /051 W
----------181348Z 079168 /44
R 181324Z JAN 77
FM AMEMBASSY PORT OF SPAIN
TO SECSTATE WASHDC 235

LIMITED OFFICIAL USE PORT OF SPAIN 0156

E.O. 11652:N/A
TAGS: EINV, EFIN, TD, US
SUBJECT: LOCALIZATION OF AMERICAN LIFE INSURANCE COMPANY

1. REPRESENTATIVES OF AMERICAN LIFE INSURANCE COMPANY (SUBSIDIARY OF AMERICANINTERNATIONAL GROUP, INC.) HAVE BEEN IN PORT OF SPAIN TO DISCUSS PLANS FOR LOCALIZATION OF THEIR TRINIDAD AND TOBAGO SUBSIDIARY WITH MINISTRY OF FINANCE. NEGOTIATIONS APPEAR TO BE GOING FORWARD AMICABLY.

2. TWO POTENTIAL PROBLEMS HAVE ARISEN, ACCORDING TO AMERICAN LIFE REPS. TRANSFER OF PART OF OWNERSHIP WILL BE BY PUBLIC SALE OF SHARES BUT GOTT WILL DETERMINE PRICE AT WHICH THE SHARES WILL BE OFFERED. AMERICAN LIFE IS NATURALLY CONCERNED THAT THE PRICE BE EQUITABLE ONE REFLECTING MARKET VALUE OF SHARES. (COMMENT: FOREIGN BANKS WHICH HAVE SOLD PART OF EQUITY LOCALLY HAVE REPORTED THAT DEMAND FOR SHARES AT PRICES AUTHORIZED HAS GREATLY EXCEEDED NUMBER BEING OFFERED.)

3. SECOND PROBLEM IS THAT GOTT IS ASKING THAT TWENTY FIVE PERCENT OF EQUITY BE SOLD DURING 1977.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PORT O 00156 181331Z

ACCORDING TO AMERICANLIFE REPRESENTATIVES, SALE OF MORE THAN 20 PERCENT OF EQUITY WOULD MAKE COMPANY SUBJECT TO MAJOR TAX LIABILITY IN THE UNITED STATES. THEY REFERRED IN THIS CONNECTION TO SECTIONS 351, 361 AND 367 OF INTERNAL REVENUE CODE. TRINIDAD MINISTER IN MINISTRY OF FINANCE DE SOUZA (AN INSURANCE UNDERWRITER BEFORE TAKING ON CURRENT PORTFOLIO)

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

BELIEVES THIS CAN BE NEGOTIATED WITH THE USG (HE REPORTEDLY NEGOTIATED SUCCESSFULLY A SIMILAR PROBLEM WITH GOVERNMENT OF CANADA).

4. ONLY COPY OF INTERNAL REVENUE CODE EMBASSY HAS AVAILABLE IS THAT IN 1970 EDITION UNITED STATES CODE. IN THIS VERSION, PARAGRAPH (D) OF SECTION 367 APPEARS TO OPEN WAY FOR EXCEPTION BY IRS OF TRANSFERS OF STOCK IN FOREIGN CORPORATIONS NOT MADE FOR PURPOSE OF TAX AVOIDANCE. SINCE CURRENT SALE IS BEING CONDUCTED AT INSTIGATION (AND INSISTENCE) OF GOTT FOR PRIMARY PURPOSE OF ACHIEVING SIGNIFICANT LOCAL PARTICIPATION IN INSURANCE INDUSTRY, WHICH IS EVENTUALLY INTENDED TO LEAD TO MAJORITY LOCAL OWNERSHIP, EMBASSY BELIEVES RULING EXEMPTING AMERICAN LIFE FROM APPLICATION OF THESE PROVISIONS WOULD BE APPROPRIATE.

5. AMERICANLIFE HAS OFFERED TO PROVIDE EMBASSY WITH COPY OF A MEMORANDUM ON THE TAX ISSUES, WHICH IT IS PREPARING FOR TRINIDAD AND TOBAGO GOVERNMENT. WE WILL FORWARD COPY TO DEPARTMENT WHEN RECEIVED. MEANWHILE, GENERAL GUIDANCE WOULD BE APPRECIATED. FAY

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, ESTABLISHMENT OF OFFICES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PORTO00156
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770018-0567
Format: TEL
From: PORT OF SPAIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770141/aaaabjyb.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 377447d5-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3571783
Secure: OPEN
Status: NATIVE
Subject: LOCALIZATION OF AMERICAN LIFE INSURANCE COMPANY
TAGS: EINV, EFIN, TD, US, AMERICAN LIFE INSURANCE CO
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/377447d5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009